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SUBJECT: IBSA: SECOND HEADS OF STATE SUMMIT

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¶1. (U) Summary: The Heads of State of India, Brazil and South Africa met in Johannesburg on October 17 for the 2nd Annual India-Brazil-South Africa (IBSA) Summit. The leaders issued a declaration covering economic, political, environmental and other issues. Although the Summit produced few concrete agreements, it constituted high-level political endorsement of future trilateral cooperation. Next year's Summit will be held in New Delhi. End Summary

BACKGROUND

¶2. (U) Indian Prime Minister Manmohan Singh, Brazilian President Luis "Lula" Da Silva, and South African President Thabo Mbeki met for the 2nd Annual India-Brazil-South Africa (IBSA) Summit in Johannesburg on October 17. The focus of the meeting was trade, although other issues such as reform of global institutions and the environment were also discussed. The Summit was preceded by a two-day Business Council Forum where representatives of the three countries' major business associations discussed intra-IBSA trade relations. Parallel working groups were also held for specific sectors, including energy, mining, pharmaceuticals, infrastructure, financial services, and information technology.

IBSA Summit Declaration and Agreements

¶3. (U) The three Heads of State issued a Summit Declaration on October 18 that covered a broad range of economic, political, environmental and other issues (text faxed to AF/S). Highlights of the Declaration included:

International Trade: According to the Heads of State, the Doha Round has entered a "critical stage." The three leaders said that draft modalities texts for agriculture and industrial goods provide "a good basis for negotiations," and they called for the removal of distortions and restrictions in international agricultural trade, stressing that agriculture is the key to the conclusion of the Round. They emphasized, however, that progress on agriculture is a "development imperative" and must not be linked to the "disproportionate demands by developed countries in the NAMA

and services negotiations." They also reaffirmed their commitment to negotiating a SACU/MERCOSUR/India free trade agreement.

Global Institutions: The three leaders reaffirmed their support for multilateralism and the UN system, though they stressed the need to "comprehensively reform" the UN to reflect "contemporary realities." They said that the UN Security Council should be expanded through the inclusion of more permanent and non-permanent members from developing countries. Similarly, they endorsed reform of the Bretton Woods institutions.

Nuclear Weapons: The leaders called for phased negotiations leading to the complete elimination of nuclear weapons. They also pledged to cooperate in the peaceful uses of nuclear energy under appropriate IAEA safeguards.

Terrorism: The three leaders called terrorism "one of the most serious threats to international peace and security." They stressed that "there can be no justification, whatsoever, for acts of terrorism," and called for the early adoption of a Comprehensive Convention Against International Terrorism.

The Environment: The leaders warned of the menace of global warming and called on developed countries to aim at "more ambitious and quantifiable" greenhouse gas emission reduction targets after 2012. "Significant progress is needed in Bali in December 2007," they said. They emphasized that climate change has a "disproportionately high impact on developing countries" because of these countries' limited means to adapt to its effects.

IPR: The three stressed that IPR is a tool for economic and social development, not an end in itself. They endorsed the

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role of the World Health Organisation in discussions about the impact of IPR on public health policies.

Regional Politics: The Heads of State endorsed the New Partnership for African Development (NEPAD); called for peace and restraint in Sudan, including full implementation of the Comprehensive Peace Agreement and support for the UN-AU Hybrid Force; noted progress towards a negotiated political solution in Zimbabwe; reaffirmed the need for long-term support for political and economic reconstruction in Afghanistan; and urged dialogue between Israel, Palestine, and their neighbors.

Intra-IBSA Business Relations: The Heads of State called for increased trade, investment and tourism within IBSA, and set an intra-IBSA trade target of \$15 billion by 2010. They endorsed joint projects to develop alternative sources of energy. Without offering any details, they called for greater defense cooperation. They also called for joint programs in health, agriculture, and scientific research.

14. (U) MOUs and Agreements for Cooperation were signed in the following areas: Wind Resources, Health and Medicines, Culture, Social Issues, Public Administration, Higher Education and Customs and Tax Administration Cooperation.

Words from the Heads of State

15. (U) At a joint press conference on October 17, Mbeki, Singh, and Da Silva hailed the Summit as a step forward in South-South cooperation. Their remarks suggested an awareness, however, that IBSA is still a work in progress, with relatively few concrete achievements to date. According to Lula: "So what happened here (at the Summit)? I'll give you my opinion. First of all, the political convergence that

exists between India, Brazil and South Africa. Secondly, the ideological profile between President Mbeki, Prime Minister Singh and President Lula is quite similar. Thirdly, (the) seriousness of our Cabinet ministers and our staff. Fourth, we trust in each other."

¶6. (U) Also stressing the harmony of outlook within IBSA, Prime Minister Singh told the media, "We are three large functioning countries with respect for human rights, the rule of law, there are many similarities between our three countries. Our cooperation seeks to take advantage of these complementarities to bring about a people centered approach to development....It (IBSA) is a relationship to explore mutual benefits, the potential of co-operation between our three countries, using our strength to help the countries of the South as a whole gain their rightful place in the community of nations."

¶7. (U) For his part, President Mbeki said, "We are all very pleased it (the Summit) has focused on achieving results and in understanding the work IBSA must do to produce practical results that we require to respond to all of the challenges that all our countries face. As part of the focus on these practical issues and as an expression thereof, there will be a signing of a number of agreements further to consolidate this co-operation." However, Mbeki had almost nothing to say about the agreements for the rest of the press conference.

(All quotes are taken from the South African Department of Foreign Affairs' website, and have been corrected for obvious mistranslations and mistransliterations.)

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What Did It Mean?

¶8. (SBU) Post contacts agreed that any meeting of the Heads of State of India, Brazil and South Africa is important. They admitted, though, that little of substance seems to have transpired at the Summit. One analyst at the South African Institute of International Affairs (SAIIA) thought it most important that the countries agreed to negotiate a Doha Round deal on the basis of draft texts circulating in Geneva. Beyond that, he told EconOffs, the economic content of the Summit was marginal. He scoffed at the idea that a SACU/MERCOSUR/India free trade agreement could be completed in the near future, noting, "SACU and MERCOSUR have been

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negotiating for nine years, without success. Now they want to include India?" He said that IBSA had been created to push for reform of global institutions such as the UN and IMF. This remained IBSA's key objective, the analyst said, but the IBSA partners are "looking for other things to do as well."

¶9. (SBU) A contact at South Africa's Department of Trade and Industry echoed the SAIIA analyst, telling EconOff that "nothing of any great importance" happened in Johannesburg. Some sectors, such as agriculture, were dropped from the IBSA schedule for lack of interest. A planned interactive session with the Trade Ministers was also canceled at the last minute when one Trade Minister was unable to arrive in South Africa in time for the meeting. South African press reports dismissed the various MOUs and Agreements as insignificant.

¶10. (SBU) The Executive Director of the Institute for Global Dialogue told PolOff October 25 that the most intriguing aspect of IBSA is not trade, but rather the initiative's proposal to enhance South-South cooperation. He said that Brazil, India and South Africa are grappling with many of the same challenges, such as poverty, economic development, and social equity. The three countries are beginning to learn from each other in these key areas, with the prospect of sharing this knowledge with other developing countries.

Comment

¶11. (SBU) The lack of significant concrete agreements in Johannesburg did not mean the Summit was unimportant. On the contrary, the Summit was a high-level political endorsement of plans for future trilateral co-operation, which means that IBSA, though still in its infancy and unsure of its identity, is probably here to stay. For South Africa, IBSA reinforces its status as a Southern leader and permits it to hitch its wagon to the stars of two countries with much greater weight in global affairs. While post is skeptical that IBSA will revolutionize trilateral trade, IBSA could play a key role in South Africa's long-term push to reform global institutions.
BOST